

Filing at a Glance

Company: Sentry Select Insurance Company

Product Name: NON-PASSENGER MOTOR CARRIER PROGRAM SERFF Tr Num: SEPX-125229097 State: Arkansas

TOI: 20.0 Commerical Auto

SERFF Status: Closed

State Tr Num: AR-PC-07-025398

Sub-TOI: 20.0004 Truckers

Co Tr Num: CA AR06999TRR01

State Status:

Filing Type: Rate

Co Status:

Reviewer(s): Betty Montesi,
Llyweyia Rawlins, Brittany Yielding

Author: SPI SentryInsurancePC

Disposition Date: 07-13-2007

Date Submitted: 07-10-2007

Disposition Status: Exempt from
Review

Effective Date Requested (New): 10-01-2007

Effective Date (New): 10-01-2007

Effective Date Requested (Renewal): 10-01-2007

Effective Date (Renewal): 10-01-
2007

General Information

Project Name: SS-TR ENHANCEMENT PROJECT

Status of Filing in Domicile:

Project Number: CA AR06999TRR01

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 07-13-2007

State Status Changed: 07-11-2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Sentry Select Insurance Company is filing enhancements and/or revisions to its Motor Carrier - Non-Passenger Commercial Auto Program. These changes impact a number of endorsements as well as the company exception rule pages.

As part of the program changes for the Sentry Select Motor Carrier Non-passenger program we are filing to replace our current Motor Carrier Non-passenger Program Commercial Auto company rule pages. In addition to new coverage enhancements and certain revisions to rates, we are revising the organization of the rules to follow the format used in our other companies or operations. This would include the use of independent Common Rules, State Rule Exceptions to the ISO or company Common Rules and state specific Company Rate or Loss Cost pages.

Our intention was to replace all of the Motor Carrier - Non-passenger Program current rule and rate/loss cost exception pages with the exception of the Schedule Rating Page. The format of company rules and rate pages is revised, but the actual intent of the rules or the rate levels has not changed.

Company and Contact

Filing Contact Information

Lori Daul, Product Compliance/Development - lori.daul@sentry.com

Sr. Analyst

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Filing Company Information

Sentry Select Insurance Company

CoCode: 21180

State of Domicile: Wisconsin

1800 North Point Drive

Group Code: 169

Company Type:

Stevens Point, WI 54481

Group Name: Sentry Insurance

State ID Number:

Group

(715) 346-6000 ext. [Phone]

FEIN Number: 36-2674180

Filing Fees

Fee Required? Yes

Fee Amount: \$125.00

Retaliatory? No

Fee Explanation:

Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Sentry Select Insurance Company	\$125.00	07-10-2007	14544554

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	07-13-2007	07-13-2007

Disposition

Disposition Date: 07-13-2007

Effective Date (New): 10-01-2007

Effective Date (Renewal): 10-01-2007

Status: Exempt from Review

Comment: Per Arkansas Code 23-67-206: Property and casualty insurance for commercial risk, excluding workers compensation, employers liability, and professional liability insurance are exempted from rate and rule filing and review. (see actual code site for details)

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Sentry Select Insurance Company	0.000%	\$-105	47	\$2,307,787	0.000%	0.000%	0.000%

Item Type	Item Name	Item Status	Public Access
Supporting Document	Cover Letter	Accepted for Informational Purposes	Yes
Supporting Document	AR - RATE FILING ABSTRACT RF-1, AR - REFERENCE FILING ABSTRACT RF- 2, AR - NAIC P&C TRANSMITTAL DOCUMENT, AR - NAIC RATE RULE FILING SCHEDULE	Accepted for Informational Purposes	Yes
Supporting Document	RULE FILING MEMO, MANUAL PAGE CHART	Accepted for Informational Purposes	Yes
Supporting Document	ACTUARIAL MEMO	Accepted for Informational Purposes	Yes
Rate	DIV ONE - AR COMPANY LOSS COST EXCEPTION PAGES	Accepted for Informational Purposes	Yes
Rate	MOTOR CARRIER NON-PASSENGER COMPANY STANDARD RULE EXCEPTION PAGES - ALL STATES	Accepted for Informational Purposes	Yes
Rate	DIV ONE - AR COMPANY RULE EXCEPTION PAGES	Accepted for Informational Purposes	Yes

Rate Information

Rate data applies to filing.

Filing Method:

File and Use

Rate Change Type:

Neutral

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

09-01-2006

Filing Method of Last Filing:

File and Use

Company Rate Information

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Sentry Select Insurance Company	0.000%	\$-105	47	\$2,307,787	0.000%	0.000%	0.000%

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Accepted for Informational Purposes	DIV ONE - AR COMPANY LOSS COST EXCEPTION PAGES	LOSS COST PAGES	New		LOSS COST PAGES.PDF
Accepted for Informational Purposes	MOTOR CARRIER NON-PASSENGER COMPANY STANDARD RULE EXCEPTION PAGES - ALL STATES	BASIC PAGES	New		BASIC PAGES .PDF
Accepted for Informational Purposes	DIV ONE - AR COMPANY RULE EXCEPTION PAGES	RULE PAGES	New		RULE PAGES.PDF

LOSS COST MULTIPLIERS

Commercial Auto Liability	1.167
Commercial Auto Physical Damage	1.506

The above Loss Cost Multipliers are to be applied to the applicable Loss Costs to develop rates. These multipliers are not applicable to minimum premiums or current independent rates.

8. POLICY WRITING MINIMUM PREMIUM

1. Prepaid Policies - \$100
2. Annual Premium Payment Plan Policies or Continuous Policies - \$100

9. ADDITIONAL PREMIUM CHANGES

- B. Waive additional premium of \$15.00 or less.

10. RETURN PREMIUM CHANGES

- B. Waive return premium of \$15.00 or less.

24. TRUCKERS

C. Premium Determination

2. Cost Of Hire Basis

g. Minimum Premium

\$102 for bodily injury and property damage liability at a \$100,000 limit.

LIABILITY LOSS COSTS

Intermediate Radius Liability Loss Costs - Trucks, Truck Tractors And Trailers - Other Than Service Vehicles

SSIC Territory	ISO Territory	SSIC Intermediate Loss Cost
Metro	101	\$631
Non-Metro	103, 105, 106, 108-111	\$490

Liability Loss Costs For Service Vehicles

A service vehicle is a light or medium truck (as defined in ISO Rule 23.B.2.a and 23.B.2.b.) used by a trucking fleet to service its own vehicles.

For service vehicles, the ISO Loss Cost is replaced by a basic limits loss cost of \$738 per auto for all territories.

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ARKANSAS (03)

Intermediate Radius Physical Damage Rating For Trucks, Truck Tractors And Trailers

For trucks, truck tractors and trailers physical damage coverage, the following factors apply to the stated value for comprehensive and collision coverage:

DEDUCTIBLES					
STATED VALUE AMOUNT	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION
(PER UNIT RATE BASIS)	\$500/500	\$1,000/1,000	\$2,500/2,500	\$5,000/5,000	\$10,000/10,000
\$ 1 - \$ 10,000	5.40%	4.90%	4.35%	3.70%	2.95%
\$10,001 - \$ 20,000	5.20%	4.65%	4.15%	3.50%	2.80%
\$20,001 - \$ 30,000	4.90%	4.40%	3.85%	3.25%	2.60%
\$30,001 - \$ 40,000	4.65%	4.15%	3.60%	3.00%	2.40%
\$40,001 - \$ 50,000	4.35%	3.85%	3.35%	2.80%	2.25%
\$50,001 - \$ 75,000	4.15%	3.60%	3.10%	2.55%	2.05%
\$75,001 - \$100,000	4.15%	3.60%	3.10%	2.55%	2.05%
Over \$100,000	3.85%	3.55%	2.90%	2.40%	1.95%

24. TRUCKERS/MOTOR CARRIERS

For autos rated under paragraph **B.1. Bobtail Operations**, the following base basic limits loss cost will apply for all territories: \$252.10.

Paragraph **B.2. Trailer Interchange Agreement** multiply the selected limit by the applicable rate factors from the following tables:

For intermediate rated risks:

DEDUCTIBLES				
COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION
\$500/500	\$1,000/1,000	\$2,500/2,500	\$5,000/5,000	\$10,000/10,000
5.40%	4.90%	4.35%	3.70%	2.95%

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ARKANSAS (03)

For zone rated risks:

DEDUCTIBLES				
COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION
\$500/500	\$1,000/1,000	\$2,500/2,500	\$5,000/5,000	\$10,000/10,000
6.30%	5.75%	5.10%	4.30%	3.45%

25. PREMIUM DEVELOPMENT - ZONE RATED AUTOS

For Liability Coverage rated under paragraph C.2., the following loss costs will replace the ISO zone rated per auto loss costs:

SSIC Group	ISO Zones	SSIC Loss Costs
1	4-10, 14, 22-25, 27, 29, 31-35, 37, 40-45, 47, 49	\$1,787
2	1, 15, 16, 18, 20, 28, 46, 48	\$1,862
3	3, 11, 17, 19	\$1,921
4	2, 12, 13, 21, 26, 30, 36	\$1,995

Paragraph C.3. **Physical Damage Coverages**, the following rating factors apply to Physical Damage Coverage for zone rated risks:

DEDUCTIBLES					
STATED VALUE AMOUNT	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION	COMP/ COLLISION
(PER UNIT RATE BASIS)	\$500/500	\$1,000/1,000	\$2,500/2,500	\$5,000/5,000	\$10,000/10,000
\$ 1 - \$ 10,000	6.30%	5.75%	5.10%	4.30%	3.45%
\$10,001 - \$ 20,000	6.05%	5.45%	4.85%	4.10%	3.25%
\$20,001 - \$ 30,000	5.75%	5.10%	4.55%	3.80%	3.05%
\$30,001 - \$ 40,000	5.45%	4.85%	4.25%	3.55%	2.85%
\$40,001 - \$ 50,000	5.10%	4.55%	3.90%	3.25%	2.60%
\$50,001 - \$ 75,000	4.85%	4.25%	3.60%	2.95%	2.35%
\$75,001 - \$100,000	4.85%	4.25%	3.60%	2.95%	2.35%
Over \$100,000	4.55%	3.90%	3.35%	2.75%	2.20%

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9. ADDITIONAL PREMIUM CHANGES

Paragraph **A.2.** is replaced by the following:

A. Calculation Of Premium

- 2.** In computing the additional premium, charge the amount applicable using the rates in effect at the policy inception date or latest anniversary date if the policy is continuous.

12. FORMS PORTFOLIO REFERENCE

The following is added to paragraph **B.**:

The following endorsements are available in addition to those referenced elsewhere in the manual for policies written under our Motor Carrier Non-Passenger Program:

CA 85 04	Physical Damage Coverage - Extension Of Coverage
IL 100	Single Deductible Endorsement
IL 126	Monthly Reporting Endorsement Of Power Units
JDT 201	Owner Operator Monthly Reporting Endorsement
JDT 205	Exclusion - Physical Damage Coverage
JDT 210	Hold Harmless Agreement
JDT 212	Additional Insured Endorsement - Operating Rights
JDT 215	Trip Lease - Brokerage Endorsement
JDT 216	Continuous Policy - Monthly Premium Payment Endorsement
JDT 220	Policy Condition - Cancellation For Unreported Drivers
JDT 221	Policy Condition - Cancellation For Unauthorized Person
JDT 223	Radius Restriction Endorsement
JDT 224	Physical Damage Monthly Reporting Endorsement
JDT 225	Policy Conditions - Premium Audit And Hold Harmless Agreement
JDT 226	Policy Conditions - Owned Autos You Acquire After Policy Begins
JDT 228	Additional Insured - Trailer/Container - Liability
JDT 229	Additional Insured - Non Trucking Use
JDT 230	Additional Insured - Freight Brokers
JDT 231	Additional Insured - Equipment Owners
JDT 232	Additional Insured - Physical Damage - Owner/Operator
JDT 233	Additional Insured - Members Of The UIIA
JDT 234	Additional Insured - Shipper

22. PREMIUM DEVELOPMENT - OTHER THAN ZONE RATED AUTOS

Premium Computation in Paragraph **C.3. Physical Damage Coverages** rule is replaced by the following:

3. Premium Computation

Premium for Comprehensive and Collision coverages is determined by multiplying the stated value of the covered auto by a rating factor which is a percentage of the stated value.

Select the appropriate rating factor from the rate table in the Company Loss Cost Exception Pages based on stated value for the covered auto and the selected deductible option. Rating factors are determined separately for each covered auto.

23. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS

Paragraph **A. Fleet - Non-Fleet Classifications** is replaced by the following:

Classify as fleet and non-fleet the trucks of any risk that has one or more self-propelled trucks of any type that are owned by or leased to the named insured. Do not include trucks owned by or leased to allied or subsidiary interests unless the named insured holds a majority financial interest.

Paragraph **B.4. Radius Class** is replaced by the following:

4. Radius Class

a. Intermediate (0-300 miles)

The auto is not regularly operated beyond a radius of 300 miles from the street address where such auto is principally garaged.

b. Long Distance (over 300 miles)

The auto is principally operated beyond a 300-mile radius from the street address where such auto is principally garaged. Apply zone rates for other than light trucks.

24. TRUCKERS/MOTOR CARRIERS

Paragraph **B.1. Bobtail Operations** is amended as follows:

Paragraph **1.a. Non-Trucking Use** is replaced by the following:

a. Non-Trucking Use

Liability Coverage may be limited to non-trucking use when the autos are not rented, nor used for business purposes to carry property or to haul someone else's trailers. Use endorsement JDT 204, Truckers-Insurance For Non-Trucking Use.

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The premium computation rule for liability coverage in rule 24.B.1.b.(1) is replaced by the following:

(1) Liability Coverage

The base premium for bobtail/deadhead will be computed by multiplying the base loss cost, shown in the company loss cost exception pages by the company liability coverage Loss Cost Multiplier and the applicable increased limits factor.

Paragraph **B.2. Trailer Interchange Agreement** is amended as follows:

Paragraph **b.(2)** is replaced by the following:

b. Premium Determination

- (2)** If the insurance on owned trailers remains in force when in the possession of others, the premiums for coverage for non-owned trailers are determined as follows:
- (a)** Determine the applicable radius from Rule 23. above.
 - (b)** Select the rate factor, based on the radius and applicable deductible (if Physical Damage Coverage is also provided, use the same deductibles for both coverages), from the company state loss cost exception pages.
 - (c)** Base premium is calculated by multiplying the Trailer Interchange Limit of Insurance by the rating factor/percentage.

C. Premium Determination

Paragraph C. Premium Determination is amended by the addition of the following:

Mileage Basis

- a.** Mileage means:
- (1)** Total live or dead miles of all revenue-producing units operated during the policy period.
 - (2)** The total of all live or dead miles developed by all of the autos you leased or rented to others during the policy period.
- b.** When premium is based on actual mileage:
- (1)** Calculate the base premium using the procedures outlined in rules in paragraphs 3.c.(1) and 3.c.(2).
 - (2)** Divide the base premium determined in (1) above by the mileage developed during the 12-month period ending 3 months prior to the effective date of the policy.
 - (3)** Convert the amount determined in (2) above into a mileage rate per 100 miles traveled.
 - (4)** Compute the advance premium by multiplying the mileage rate per 100 miles traveled by the total estimated mileage (per 100 miles) for the policy period for all revenue-producing units and/or all autos leased or rented to others.

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- (5) Compute the earned premium by multiplying the mileage rate per 100 miles by the audited or reported total mileage (per 100 miles) driven during the policy period.

25. PREMIUM DEVELOPMENT - ZONE RATED AUTOS

C. Premium Determination

Paragraph 3. **Physical Damage Coverages** is replaced by the following:

Premium for Comprehensive and Collision coverages is determined by multiplying the stated value of the covered auto by a rating factor which is a percentage of the stated value.

Select the appropriate rating factor from the rate table in the Company Loss Cost Exception Pages based on stated value for the covered auto and the selected deductible option. Rating factors are determined separately for each covered auto.

89. NON-OWNERSHIP LIABILITY

The following is added to paragraph **C. Premium Development**:

The company base loss cost will be determined by multiplying the published loss cost by a factor of 1.70.

90. HIRED AUTOS

The premium determination rules in paragraphs **A. Autos Hired, Loaned, Leased Or Furnished** and **B. Cost Of Hire Basis - Liability Coverage** is replaced by the following:

The premium for all hired autos will be determined in accordance with Rule 24.C.2

103. POLLUTION LIABILITY

Paragraph B. Pollution Liability - Broadened Coverage For Covered Autos is replaced by the following:

B. Pollution Liability - Broadened Coverage For Covered Autos

The Business Auto, Truckers and Motor Carrier Coverage Forms may be endorsed to, subject to the coverage sublimit indicated in the endorsement, delete that part of the pollution exclusion and the definition of "covered pollution cost or expense" for bodily injury, property damage and covered pollution cost or expense relating to discharge of pollutants which are in or upon, being transported or towed by, being loaded onto or unloaded from a covered auto. Use Pollution Liability - Broadened Coverage For Covered Autos, endorsement CA 85 01. This extension of coverage does not apply to liability assumed under any contract or agreement.

This endorsement will be included, without an additional charge, on policies issued for all insureds engaged in trucking or motor carrier operations except those written under Rule 24.B.1 Bobtail Operations or Additional Rule - Unladen Coverage, with the standard Broadened Pollution Coverage sublimit of \$100,000 coverage.

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The sublimit may be increased up to the Liability Coverage Limit of Insurance for an additional charge. The additional charge will be calculated by multiplying the basic limits Liability Premium (basic limits liability loss cost multiplied by LCM, primary and secondary rating factors, deductible factor, rate modification factor and new venture factor, if applicable) by the appropriate factor from the table below:

Broadened Pollution Coverage - Increased Limits Rating Factors

Increased Limit	Rating Factor
\$ 250,000	0.0125
\$ 500,000	0.0265
\$ 750,000	0.0360
\$1,000,000	0.0435
\$2,000,000	0.0615
\$5,000,000	0.0930

ADDITIONAL RULE - DOWNTIME INSURANCE

- a. Downtime insurance provides for an amount of insurance (net loss of income) paid to the insured for a covered truck or truck tractor, that was subject to loss or damage from a covered cause of loss. Coverage will apply, subject to specified waiting period, for the time the covered auto is out of service for repair or in the event of a total loss, the time required to adjust the loss and pay the claim, subject to the daily and maximum limits of insurance specified in the endorsement. Attach endorsement CA 85 02, Physical Damage Coverage - Downtime, when this coverage is provided.
- b. Downtime Coverage is available for any covered truck or truck tractor in which Physical Damage Coverage is provided.
- c. Premium for this coverage is a flat charge of \$150 per covered truck or truck tractor provided this coverage extension. This charge is not subject to modification under any rating plan.

ADDITIONAL RULE - NEW VENTURES

The following rule is added:

For insureds qualifying as new ventures, an additional rating factor will be applied to the Auto Liability and Auto Physical Damage coverages.

A new venture will include a trucking or motor carrier business:

- a. Which was formed or has been in business for a period of less than 3 years from the policy effective; or
- b. The insured is under new ownership and the new owners have less than 3 years' experience in managing or running a trucking or motor carrier business from the policy effective date.

New Venture rules will not apply to accounts written under Rule 24.B.1 Bobtail Operations or Additional Rule - Unladen Coverage.

The standard Auto Liability and Physical Damage premiums will be multiplied by a factor of 1.20 for new ventures described above.

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If the new venture surcharge is used, it will continue until the renewal or annual anniversary date after the insured has been in business or under current ownership or management for 3 years. The new venture surcharge may not be deleted mid-term but will apply for the entire policy term.

ADDITIONAL RULE - UNLADEN COVERAGE

A. Description Of Coverage

1. Unladen coverage refers to owner operators under permanent lease and operating under the authority of a trucker or motor carrier and the contract requires that:
 - a. The trucker or motor carrier provide primary coverage while the owner operator is under dispatch and hauling a load or connected to a loaded trailer on behalf of the trucker or motor carrier; and
 - b. That the owner operator provide primary coverage, whether or not under dispatch, when the owner operator is not hauling a load or connected to a loaded trailer on behalf of the trucker or motor carrier.

When Unladen Liability coverage is desired, attach endorsement CA 85 03 to provide the coverage.

2. When endorsement CA 85 03 is attached to the policy, designate the covered autos to which the endorsement applies. This designation may indicate all covered autos or only specifically described covered autos.

B. Premium Calculation

1. For Liability Coverage, the Unladen Premium will be calculated by multiplying the applicable Bobtail liability premium, from Rule 24.B.1.b.(1), by a factor of 1.75.
2. For other than Liability Coverage, calculate the premiums based on the applicable classification for the covered auto.

97. UNINSURED MOTORISTS INSURANCE

Paragraph **B. Premium Development For Private Passenger Types, Other Than Private Passenger Types And Garage Risks** is amended as follows:

The following is added to paragraph **B.1. Single Limits - Basic And Increased Limits**

Uninsured and Underinsured Motorists Coverage single limits loss costs will be calculated by applying the following loss cost modifiers to the single limits loss costs to develop independent loss cost for the coverage limit selected. The appropriate loss cost modifier is determined based on the coverage limit selected from the following table:

Combined Single Limits	Loss Cost Modifier
\$ 50,000	1.04
\$ 100,000	1.07
\$ 250,000	1.19
\$ 350,000	1.27
\$ 500,000	1.41
\$ 750,000	1.68
\$1,000,000	2.00

The following is added to Paragraph **B.2. Split Limits - Basic And Increased Limits**

The following loss cost modifiers are applied to the applicable bodily injury split limits Uninsured and Underinsured Motorists Coverage loss costs to develop independent bodily injury loss cost for the coverage limit selected. The appropriate loss cost modifier is determined based on the coverage limit selected.

Split Limits	Loss Cost Modifier
\$ 25,000/\$ 50,000	1.04
\$ 50,000/\$ 100,000	1.07
\$100,000/\$ 300,000	1.23
\$250,000/\$ 500,000	1.41
\$500,000/\$1,000,000	2.00

Supporting Document Schedules

Satisfied -Name: Cover Letter

Comments:

COVER LETTER

Attachment:

Cover Letter.PDF

Review Status:

Accepted for Informational 07-13-2007
Purposes

Satisfied -Name: AR - RATE FILING ABSTRACT
RF-1, AR - REFERENCE FILING
ABSTRACT RF-2, AR - NAIC P&C
TRANSMITTAL DOCUMENT, AR -
NAIC RATE RULE FILING
SCHEDULE

Comments:

FILING TRANSMITTALS

Attachments:

AR - RATE FILING ABSTRACT RF-1.PDF

AR - REFERENCE FILING ABSTRACT RF-2.PDF

AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF

AR - NAIC RATE RULE FILING SCHEDULE.PDF

Review Status:

Accepted for Informational 07-13-2007
Purposes

Satisfied -Name: RULE FILING MEMO, MANUAL
PAGE CHART

Comments:

RULE FILING MEMO

Attachments:

RULE FILING MEMO.PDF

MANUAL PAGE CHART.PDF

Review Status:

Accepted for Informational 07-13-2007
Purposes

Satisfied -Name: ACTUARIAL MEMO

Comments:

ACTUARIAL MEMO

Attachment:

ACTUARIAL MEMO.PDF

Review Status:

Accepted for Informational 07-13-2007
Purposes

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July 10, 2007

Commissioner Julie Benafield Bowman
Arkansas Department of Insurance
1200 West Third Street
Little Rock, AR 72201-1904

Attn: Property & Casualty Division

SENTRY SELECT INSURANCE COMPANY#: 169-21180 FEIN#: 36-2674180
MOTOR CARRIER NON-PASSENGER PROGRAM
DIVISION ONE – COMMERCIAL AUTO
RATE/RULE FILING
IMPLEMENTATION DATE: Policies Written on and after 10-1-2007
COMPANY TRACKING NUMBER: CA AR06999TRR01

As part of our 2007 Commercial Auto enhancements for our Motor Carrier Non-Passenger Program, we are filing revisions to our existing company rule pages. We are also filing new rules for coverage changes included in this filing (refer to corresponding FORM filing CA AR06999TRF01).

The existing company rule and rate exception pages are redesigned for reading ease and improved organization. The new format follows the design used by our other companies and/or programs. Please refer to the attached Rule and Rate Filing Memo for additional information.

We ask you approval of this filing for policies written 1 October, 2007.

Lori Daul
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715-346-7080
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FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	CA AR06999TRR01
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	

		Company Name		Company NAIC Number
3.	A.	Sentry Select Insurance Company	B.	169-21180

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	20.0 Commerical Auto	B.	20.0004 Truckers

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Commercial Auto Liability	+30.0%	0.0%	78.8%	0.920	1.167	NA	1.167
Commercial Auto Physical Damage	-7.0%	0.0%	76.4%	1.151	1.506	NA	1.506
TOTAL OVERALL EFFECT	21.4%	0.0%					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2006	47	0.0%	9/1/2006	2,422	3,043	125.65%	60.32%
2005	44	+0.5%	8/1/2005	2,600	2,021	77.73%	54.57%
2004	37	+0.7%	3/1/2004	2,761	4,041	146.35%	57.01%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	11.3% for Liab., 11.2% for Phys. Damage
B. General Expense	5.2% for Liab., 5.3% for Phys. Damage
C. Taxes, License & Fees	2.6% for Liab., 2.6% for Phys. Damage

2002	30	+6.5%	11/1/2002	1,024	1,628	159.06%	62.21%

D. Underwriting Profit	2.0% for Liab., 4.5% for Phys. Damage
& Contingencies	
E. Other (explain)	
F. TOTAL	21.2% for Liab., 23.6% for Phys. Damage

8. Y Apply Lost Cost Factors to Future filings? (Y or N)

9. 0.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):

10. 0.0% Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable):

**FORM RF2- Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN
WORKERS' COMPENSATION
CALCULATION OF COMPANY LOSS COST MULTIPLIER**

This filing transmittal is part of Company Tracking #	CA AR06999TRR01
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	CA AR06999TRF01

☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org. & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

<input checked="" type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer. Note: Some states have statutes that prohibit this option for some lines of business.
<input type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Commercial Auto Liability

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing (Check One):

- ☐ Without Modification (factor = 1.000)
- ☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) -8.0%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.920

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	11.3	%
B.	General Expense	5.2	%
C.	Taxes, Licenses & Fee	2.6	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	2.0	%
E.	Other (explain)		%
F.	Total	21.2	%

5.	A.	Expected Loss Ratio: ELR = 100% - 4F = A	78.8	%
	B.	ELR in Decimal Form =	0.788	
6.		Company Formula Loss Cost Multiplier (3B/5B)	1.167	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.167	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	

**FORM RF2- Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN
WORKERS' COMPENSATION**

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	CA AR06999TRR01
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org. & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

<input checked="" type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer. Note: Some states have statutes that prohibit this option for some lines of business.
<input type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Commercial Auto Physical Damage

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing (Check One):

- ☐ Without Modification (factor = 1.000)
- ☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) +15.1%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.151

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	11.2	%
B.	General Expense	5.3	%
C.	Taxes, Licenses & Fee	2.6	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	4.5	%
E.	Other (explain)		%
F.	Total	23.6	%

5.	A.	Expected Loss Ratio: ELR = 100% - 4F = A	76.4	%
	B.	ELR in Decimal Form =	0.764	
6.		Company Formula Loss Cost Multiplier (3B/5B)	1.506	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.506	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	


Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
g. SERFF Filing #:		
h. Subject Codes		

3. Group Name	Sentry Insurance Group				Group NAIC #	169
4. Company Name(s)	Domicile	NAIC #	FEIN #	State #		
Sentry Select Insurance Company	WI	21180	36-2674180			

5. Company Tracking Number	CA AR06999TRR01
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Lori Daul 1800 North Point Drive Stevens Point WI 54481	Product Compliance/Development - Sr. Analyst	715-346-7080 Ext. 7080	715-346-6044	lori.daul@sentry.com
7. Signature of authorized filer				
8. Please print name of authorized filer		Lori Daul		

Filing Information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	20.0 Commerical Auto			
10. Sub-Type of Insurance (Sub-TOI)	20.0004 Truckers			
11. State Specific Product code(s) (if applicable) [See State Specific Requirements]				
12. Company Program Title (Marketing Title)	Motor Carrier Program - Non-Passenger			
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)			
14. Effective Date(s) Requested	New:	10/01/2007	Renewal:	10/01/2007
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. Reference Organization (if applicable)				
17. Reference Organization # & Title				
18. Company's Date of Filing	7-10-2007			
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved			

Property & Casualty Transmittal Document

20.	This filing transmittal is part of Company Tracking #	CA AR06999TRR01
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Sentry Select Insurance Company is filing enhancements and/or revisions to its Motor Carrier - Non-Passenger Commercial Auto Program. These changes impact a number of endorsements as well as the company exception rule pages.

As part of the program changes for the Sentry Select Motor Carrier Non-passenger program we are filing to replace our current Motor Carrier Non-passenger Program Commercial Auto company rule pages. In addition to new coverage enhancements and certain revisions to rates, we are revising the organization of the rules to follow the format used in our other companies or operations. This would include the use of independent Common Rules, State Rule Exceptions to the ISO or company Common Rules and state specific Company Rate or Loss Cost pages.

Our intention was to replace all of the Motor Carrier - Non-passenger Program current rule and rate/loss cost exception pages with the exception of the Schedule Rating Page. The format of company rules and rate pages is revised, but the actual intent of the rules or the rate levels has not changed.

22.	Filing Fees (Filer must provide check # and fee amount if applicable.) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<div style="margin-bottom: 20px;"> Check #: EFT Amount: 125.00 </div> <div style="text-align: center; margin-top: 100px;"> Refer to each state's checklist for additional state specific requirements or instructions on calculating fees. </div>	

***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

PROPERTY & CASUALTY RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	CA AR06999TRR01
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	CA AR06999TRF01
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☐ Rate Increase
 ☐ Rate Decrease
 ☒ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and Use
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4a.	Rate Change by Company (As Proposed)
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Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)
Sentry Select Insurance Company		0.0	-105	47	2307787	0.0	0.0

4b.	Rate Change by Company (As Accepted) For State Use Only
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Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)

5.	Overall Rate Information (Complete for Multiple Company Filings only)
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		COMPANY USE	STATE USE
5a.	Overall percentage rate indication(when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing - Number of policyholders affected		

6.	Overall percentage of last rate revision	0.0%
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7.	Effective Date of last rate revision	9/1/06
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	FILE AND USE
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9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	CA-LC-AR-1,2,3,4 10/07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	CA-CE-1 TO 6 10/07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03	CA-CE-AR-1 10/07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

ARKANSAS

SENTRY SELECT INSURANCE COMPANY – MOTOR CARRIER NON-PASSENGER 2007 COMMERCIAL AUTO ENHANCEMENT RULE AND RATE FILING

As part of the program changes for the Sentry Select Motor Carrier Non-passenger program we are filing to replace our current Motor Carrier Non-passenger Program Commercial Auto company rule pages. In addition to new coverage enhancements and certain revisions to rates, we are revising the organization of the rules to follow the format used in our other companies or operations. This would include the use of independent Common Rules, State Rule Exceptions to the ISO or company Common Rules and state specific Company Rate or Loss Cost pages.

Our intention is to replace all of the Motor Carrier – Non-passenger Program current rule and rate/loss cost exception pages with the exception of the Schedule Rating Page. The format of company rules and rate pages is revised, but the actual intent of the rules or the rate levels has not changed.

The following is a description of the actual rule and rate revisions included in this Enhancement Filing:

Countrywide Rule Page Revisions

In addition to format changes, we have included the following changes to the countrywide standard rules:

- A list of available company amendatory endorsements, not listed in a separate rating or coverage rule, has been added to Rule 12, Forms Portfolio Reference in the standard or countrywide pages with state exceptions (additional endorsements or endorsements that do not apply) , if any, listed in the company state pages.
- We have revised Rule 103. Pollution Liability, replacing paragraph B. Pollution Liability – Broadened Coverage For Covered Autos, to reflect our new Pollution endorsement, CA 85 01, and new procedure for providing coverage for the escape or release of pollutants, other than operating fluids, from a covered auto. Refer to the corresponding forms filing for additional information regarding endorsement CA 85 01.

Endorsement CA 85 01 will be added to each Motor Carrier Non-Passenger Program Commercial Auto or Truckers Policy, providing Liability Coverage, except those written under Rule 24.B.1. (bobtail operations) or our new Additional Rule - Unladen Coverage. The rule will provide a standard pollution coverage sublimit of \$100,000 without an additional charge. The insured may elect to increase the limit up to their Liability Limit of insurance for an additional charge, per covered auto, by multiplying the defined basic limits premium by the corresponding rate factor.

This change will replace our current rule exceptions and premium charge (a percentage of the liability premium based on the class of commodities hauled).

- We have added an additional rule for rating new ventures, or risks that have been formed or been in business for less than 3 years or existing firms that are under new ownership and the new owners have less than 3 years experience in managing or running a trucking company.

Qualifying new ventures will be subject to an additional premium calculated by multiplying the otherwise applicable liability and physical damage premiums by a factor of 1.20. This

surcharge was based on our underwriting judgment of the additional exposure/hazard presented by new operations.

- We have added an additional rule for Unladen Liability Coverage. See corresponding forms filing information regarding the Unladen endorsement, CA 85 03.

Premium for liability coverage when using this endorsement is based on the bobtail/non-trucking use rate multiplied by a factor to reflect the additional exposure not contemplated using the bobtail endorsement. Based on our review of the exposure and competitor information, we have selected a factor of 1.75 times the bobtail rate.

The provisions of the endorsement do not impact Physical Damage, Medical Payments, No Fault or Uninsured/Underinsured Motorists coverage. Because of this, standard rating, based on classification, will apply to these coverages.

State Rule Exception Pages

As indicated above, these state rule pages modify the countrywide rules by adding state specific rules or deleting standard rules which do not apply in a particular state. These state pages will include current state specific information from current state rules with the following revisions:

- The Rule 97, Uninsured Motorists Coverage, company exceptions for rating Combined Single Limit bodily injury and property damage coverage have been revised. We will apply the loss cost modifier to the entire BI and PD CSL ISO loss cost and not just to the bodily injury portion of the rate.

STATE LOSS COST/RATE EXCEPTION PAGES

We are revising the format of our Company Loss Cost/Rate pages to better track with ISO Exception Pages and the format used by other Sentry Group companies or operations. We are changing the format only and not changing the applicable rates, loss costs or other rating factors in these pages.

RULE	NEW PAGE NUMBER	OLD PAGE NUMBER
RULE 9. Additional Premium Charges	CA-CE-1	CA-C/W-10 07/93
RULE 12. Forms Portfolio Reference	CA-CE-1	
RULE 22. Premium Development – OTHER THAN ZONE RATED AUTOS	CA-CE-2	
RULE 23. Trucks, Trackors, Trailers Classifications	CA-CE-2	CA-C/W-03 07/93 CA-AR-RD-23 11/02
RULE 24. Truckers/Motor Carriers	CA-CE-2 & 3	CA-C/W-14 03/04
RULE 25. Premium Development – ZONE RATED AUTOS	CA-CE-4	
RULE 89. Non-Ownership Liability	CA-CE-4	CA-AR-LC-01 11/02
RULE 90. Hired Autos	CA-CE-4	CA-C/W-90 01/97
RULE 97. UM	CA-CE-AR-1	CA-AR-LC-02 & 03 11/02
RULE 103. Pollution Liability	CA-CE-4 & 5	CA-C/W-13 09/94
ADDITIONAL RULE: Downtime Insurance	CA-CE-5	CA-C/W-19 & 20 11/98
ADDITIONAL RULE: New Ventures	CA-CE-5	
ADDITIONAL RULE: Unladen Coverage	CA-CE-6	
Auto Liability Schedule Rating Plan	CA-C/W(25)-02 08/97 (NO CHANGE)	CA-C/W(25)-02 08/97
Auto Physical Damage Schedule Rating Plan	CA-C/W(25)-02 08/97 (NO CHANGE)	CA-C/W(25)-02 08/97
Loss Cost Multipliers	CA-LC-AR-1	CA-AR-LCM-01 08/97
Loss Cost Exceptions		
RULE 8. Policy Writing Minimum Premium	CA-LC-AR-2	
RULE 9. Additional Premium Changes	CA-LC-AR-2	
RULE 10. Return Premium Changes	CA-LC-AR-2	
RULE 24. Truckers		
Cost of Hire Basis	CA-LC-AR-2	CA-C/W-14 03/04
Intermediate Radius Liability Loss Costs	CA-LC-AR-2	CA-AR-L/I-01 08/05
Service Vehicles	CA-LC-AR-2	CA-AR-12 03/04
Intermediate Radius Physical Damage	CA-LC-AR-3	CA-AR-L/I-08 11/02
Bobtail Operations	CA-LC-AR-3	CA-AR-05 03/04
RULE 25. Zone Rated Autos		
ISO Zones	CA-LC-AR-4	CA-AR-25 09/06
Physical Damage Deductibles	CA-LC-AR-4	CA-AR-L/H-08 11/02

Sentry Select Insurance Company

Motor Carrier Program - Non Passenger
State of ARKANSAS

Commercial Auto Filing Memorandum

The purpose of this filing is to increase our Commercial Auto Liability loss cost multiplier to account for the increased exposure to loss assumed from our changes in the pollution exclusion. This change is designed to be revenue neutral. Exhibit I shows the calculations leading to the selection of our proposed loss cost multiplier as well as the calculation of the overall impact of the changes. In addition, this filing introduces pollution increased limits factors to be applied for excess layers of pollution coverage. Exhibit II shows the derivation of our increased limits factors for pollution coverage.

Liability Rate Change	0.0%
Physical Damage Rate Change	0.0%
Overall Comm. Auto Rate Change	0.0%

We will be filing these changes for a written date of 10/1/2007

Sentry Select Insurance Company
Motor Carrier Program - Non Passenger
State of ARKANSAS

Derivation of Proposed Liability Loss Cost Multiplier

(1) 2006 Arkansas Pollution WP	(2) 2006 Arkansas All Other Liability WP	(3) = (2) / [(2)+(1)] - 1 Impact of Loss of Pollution Premium
105.00	1,843,867.57	-0.01%
(4) Current Arkansas LCM	(5) = [1/[1+(3)]] - 1 LCM Change Needed to Compensate for Loss of Pollution Premium	(6) = (4)*[1+(5)] Formula Arkansas LCM
1.167	0.01%	1.167
(7) Selected Arkansas LCM	(8) = [(7)/(4)] - 1 Liability Impact of Change in LCM	(9) = [1+(8)]*[1+(3)] - 1 Overall Liability Impact
1.167	0.00%	-0.01%

Sentry Select Insurance Company**Motor Carrier Program - Non Passenger
State of ARKANSAS***Derivation of Pollution Increased Limits Factors*

Currently, we are charging 5% of BI/PD liability premium for pollution coverage. Due to favorable pollution experience, we are now including a basic limits layer of pollution coverage to the insured for no extra charge. We will be charging the same 5% rate for any excess layers of pollution coverage. The increased limits pollution factors were derived using ISO zone increased limits factors as shown below.

Limit	250K ILF	500K ILF	750K ILF	1M ILF	2M ILF	5M ILF
ISO Zone ILF	1.25	1.53	1.72	1.87	2.23	2.86

Excess Pollution Charge = 0.05 x Excess Layer BI/PD Liability Premium

= 0.05 x (ISO Zone ILF-1) x Basic Limits BI/PD Liability Premium

Increased Limits Pollution Factors (to be applied to Basic Limits BI/PD Liability Premium) = 0.05 x (ISO Zone ILF-1)

Pollution Limit	250K ILF	500K ILF	750K ILF	1M ILF	2M ILF	5M ILF
Pollution ILF = 0.05 x (ISO Zone ILF - 1)	0.0125	0.0265	0.036	0.0435	0.0615	0.093